

## **FISCAL NOTE**

### **SB 3182 – HB 3922**

February 28, 2006

**SUMMARY OF BILL:** Exempts the purchases of motor vehicles, made by members of the Coast Guard who are stationed at a Coast Guard station or support facility located entirely within the state, from sales and use tax.

#### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Less than \$10,000**

**Decrease Local Govt. Revenues – Less than \$5,000**

Assumptions:

- This bill applies to the Coast Guard station located in Memphis.
- There are approximately 30 active duty personnel stationed at this facility.
- Average turnover rate for a vehicle is 5 years.
- Number of personnel who may purchase a motor vehicle in a given year is estimated at 6 (30 total personnel ÷ 5 year turnover ratio = 6 purchases).
- Average cost of vehicle is estimated at \$20,000.
- Taxable sales are estimated at \$120,000 (\$20,000 per vehicle X 6 purchases = \$120,000 in taxable sales).
- State sales tax rate is 7%.
- State single article tax is 2.75% on any portion greater than \$1,600 but less than \$3,200.
- Local option tax rate is 2.5%.
- The net decrease of state revenues is estimated as less than \$10,000 [(\$120,000 X 7%) + (\$1,600 X 2.75% X 6 purchases) = \$8,664].
- The decrease of local government revenues is estimated as less than \$5,000 (\$120,000 X 2.5% = \$3,000).
- This act shall take effect on July 1, 2006.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director